

Message Text

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ACTION EB-11

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 160

INFO AMEMBASSY COTONOU

AMEMBASSY NIAMEY

UNCLAS ABIDJAN 7318

SUB: PARAKOU-MALANVILLE ROAD, LOAN 625-H-002/8;

COTONOU BRIDGE/DAM, LOAN 625-W-009;

SOURCE-ORIGIN WAIVER FOR DIESEL FUEL, GASOLINE AND
LUBRICANTS.

1. MORRISON-KNUDSON (M-K) HAS REQUESTED AUTHORITY TO
PURCHASE FUEL OF ALGERIAN ORIGIN AND LUBRICANTS
FRENCH SOURCE AND ORIGIN FOR F-M ROAD PROJECT.

2. FUEL. ALL REPEAT ALL DIESEL FUEL AND GASOLINE IMPORTED
INTO DAHOMEY IS CONTROLLED BY THE MRGD. MRGD ACTS AS THE
ONLY AUTHORIZED IMPORTER AND THEN RESELLS THE PRODUCTS TO
OIL COMPANIES IN DAHOMEY. MRGD HAS AN AGREEMENT WITH
ALGERIA TO PURCHASE DIESEL FUEL AND GASOLINE ONLY FROM
ALGERIA DURING 1974. WHILE WE ARE UNAWARE THAT A DECISION
FOR 1975 HAS BEEN MADE, IT IS LIKELY THE MRGD-ALGERIAN
FUEL ARRANGEMENT WILL CONTINUE.

3. WE THEREFORE REQUEST AN ORIGIN WAIVER TO PERMIT THE
PURCHASE OF DIESEL FUEL AND GASOLINE OF ALGERIAN ORIGIN
FOR CONSTRUCTION WORK UNDER SUBJECT LOANS AS ALGERIA IS
THE ONLY AVAILABLE ORIGIN FOR THESE PRODUCTS. WAIVER
CRITERIA- M.O. 1414.1.1. II.G.2., "NONAVAILABILITY OF
ESSENTIAL COMMODITIES FROM ELIGIBLE (ORIGIN COUNTRIES)".

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4. LUBRICANTS. CONCERNING LUBRICANT FOR PARAKOU-MALANVILLE PROJECT, M-K AND MOBIL REPS HAVE REPORTED THEY ARE READY TO SIGN AGREEMENT FOR SUPPLY OF PROJECT LUBRICANTS WITH TOTAL ESTIMATED VALUE \$150,000. SOME LUBRICANTS WILL HAVE SOURCE/ORIGIN ABIDJAN, THEREFORE ELIGIBLE FOR LOAN FINANCING. HOWEVER, AN ESTIMATED 50 PERCENT OF TOTAL VALUE OF LUBRICANTS, PRIMARILY THE MORE SOPHISTICATED LUBRICANTS SUCH AS HYDRAULIC AND AUTOMATIC TRANSMISSION FLUIDS, WOULD BE SUPPLIED FROM FRANCE. ESTIMATED VALUE OF THESE PRODUCTS IS DOLLARS 75,000. THESE FRENCH ORIGIN PRODUCTS NOW AVAILABLE IN STOCK IN COTONOU AND ABIDJAN. ALTHOUGH WE PRESUME NEEDED COMMODITIES MAY BE AVAILABLE FROM US REDSO BELIEVES NEED FOR TIMELY CONTINUATION OF PROJECT (CONSTRUCTION CAMP NOW VIRTUALLY COMPLETE AND MOST EQUIPMENT IN PLACE) WOULD MAKE LOAD TIME OF US PROCUREMENT PROHIBITIVE. FURTHERMORE MOBIL REP STATES THERE IS NO EXISTING PROCUREMENT RELATIONSHIP BETWEEN MOBIL WEST AFRICAN AND MOBIL US AS A RESULT, IN ADDITION TO THE FORMALITIES OF ESTABLISHING A PROCUREMENT RELATIONSHIP, MOBIL COULD NOT IMPORT THESE GOODS FROM US WITHOUT NEGOTIATING AN IMPORT LICENSE WITH DAHOMEY.

5. IF NECESSARY, LUBRICANTS FOR COTONOU BRIDGE/ANM PROJECT COULD ALSO BE IMPORTED FROM US. HOWEVER, REDSO VIEW IS THAT SAME CONSIDERATION WILL APPLY TO BOTH PROJECTS AND THEREFORE REDSO REQUESTS AID/W SOURCE/ORIGIN WAIVER FOR THE IMPORTATION FROM CODE 935 COUNTRIES (IN ALL PROBABILITY FRANCE) OF LUBRICANTS FOR BOTH DAHOMEY PROJECTS. MAKING DECISION NOW ON COTONOU BRIDGE WILL AVOID LAST MINUTE IMPLEMENTATION PROBLEMS LATER.

6. REDSO QUESTIONS WHETHER IT IS IN US INTEREST TO REQUIRE THE PROCUREMENT OF US SOURCE/ORIGIN PETROLEUM PRODUCTS WHEN US IS A NET IMPORTER OF PETROLEUM.

7. CURRENT AUTHORIZED SOURCE/ORIGIN SUBJECT LOANS - CODE 941 AND DAHOMEY. PROPOSED SOURCE/ORIGIN-CODE 935 UNCLASSIFIED

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(ALGERIA AND FRANCE).

8. COMMODITIES INVOLVED - DIESEL FUEL, GASOLINE AND LUBRICANTS. APPROXIMATE DOLLAR VALUE:

- A) FOR LOAN 625-H-002/8-\$834,000
(770,000 DIESEL AND GASOLINE, 75,000 LUBRICANTS)
- B) FOR LOAN 625-W-009-UNDETERMINED.

9. REQUEST A/AID EXERCISE AUTHORITY UNDER M.O.1414.1.1.

III A.1. TO APPROVE THE REQUESTED WAIVER FOR LOAN625-H002/3.

10. REQUEST A/AID EITHER A) APPROVE REQUESTED WAIVER
FOR LOAN 625-W-009 FOR WHICH AN AMOUNT WILL BE SUPPLIED
BY REDSO WHEN A CONTRACT IS SIGNED; OR B) DELEGATE TO
REDSO DIRECTOR AUTHORITY TO APPROVE REQUESTED WAIVER IF
AND WHEN AN AMOUNT IS AVAILABLE AND IF CIRCUMSTANCES
STILL WARRANT A WAIVER.

SMITH

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